

Decision **PROPOSED DECISION OF ALJ KIM** (Mailed 10/9/2014)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
PacifiCorp for approval of the 2012-2014
California Alternate Rates for Energy and
Energy Savings Assistance Program
Programs and Budgets.

Application 11-06-016
(Filed June 15, 2011)

And Related Matters.

Application 11-06-018
Application 11-06-019
Application 11-06-020
Application 11-06-021
Application 11-07-015

**DECISION ADOPTING MONTH-TO-MONTH BRIDGE FUNDING
STARTING FROM JANUARY 1, 2015
FOR SMALL AND MULTI-JURISDICTIONAL UTILITIES' ENERGY
SAVINGS ASSISTANCE AND CALIFORNIA
ALTERNATE RATES FOR ENERGY PROGRAMS**

Summary

This decision authorizes Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, Liberty Utilities LLC and West Coast Gas (collectively, Small and Multi-jurisdictional Utilities or SMJUs) to continue their Energy Savings Assistance (ESA) Program and California Alternate Rates for Energy (CARE) Program from January 1, 2015, on a month-to-month basis, at the

2014 authorized budget levels until the Commission adopts a final decision approving each of the SMJU's 2015-2017 ESA and CARE Programs and Budgets Applications.

The month-to-month bridge funding for the SMJUs for their ESA and CARE Programs allows the SMJUs to develop rates effective January 1, 2015. The decision also modifies Decision 14-05-004 by extending the deadline for the SMJUs to file their respective 2015-2017 Programs and Budgets Applications until February 1, 2015.

1. Background

In June and July of 2011, Alpine Natural Gas Operating Company No. 1 LLC (Alpine), PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company (BVES), Southwest Gas Corporation (Southwest Gas), Liberty Utilities (CalPeco Electric) LLC, and West Coast Gas Company (West Coast Gas) (collectively, Small and Multi-jurisdictional Utilities or SMJUs) filed the above-captioned applications, Application (A.) 11-06-016, A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 (SMJUs' Consolidated Proceeding).¹ In the six applications, the SMJUs sought approximately \$13,066,970 in ratepayer funds for the SMJUs' Energy Savings Assistance (ESA) Program and \$48,785,574 in ratepayer funds for their California Alternate Rates for Energy (CARE) Program for 2012-2014.

On May 1, 2014, the Commission adopted Decision (D.) 14-05-004 regarding the SMJUs' 2012-2014 ESA Program and CARE Program Applications.

¹ Because the six applications A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 are related, Administrative Law Judge (ALJ) Kimberly Kim consolidated the applications in a ruling on September 26, 2011.

Ordering Paragraph 27 of D.14-05-004 requires the SMJUs to file their 2015-2017 CARE and ESA Programs Applications by August 15, 2014.

On July 1, 2014, Alpine, CalPeco Electric, BVES, PacifiCorp, and Southwest Gas (collectively, Joint Utilities) submitted a joint request for an extension of time to comply with Ordering Paragraph 27 of D.14-05-004 (Joint Request). The Joint Utilities requested relief from the August 15, 2014 deadline to file their 2015-2017 CARE and ESA programs and budgets applications and instead proposed a new deadline of 60 days after the large investor-owned utilities (IOUs) are required to file their 2015-2017 cycle ESA and CARE programs and budgets applications. The Joint Utilities also requested a month-to-month bridge funding, if their request for time extension was granted. On July 23, 2014, Executive Director Paul Clanon granted the request for a short time extension in light of the delays in the large IOUs' final decision.²

On August 19, 2014, the Joint Utilities filed a joint Petition to Modify (PTM) D.14-05-004. The PTM was submitted pursuant to the Executive Director's prior letter granting a short extension of time to file 2015-2017 CARE and ESA Programs and Budgets Applications and directing the Joint Utilities to file the PTM seeking further relief from the Commission.

2. Discussion

We note that in the PTM, only five of the six SMJUs are represented. West Coast Gas did not join in the PTM. No party has filed any comment or response to the PTM. Although West Coast Gas is a very small utility and does not offer

² The final decision in the large IOUs' 2012-2014 ESA and CARE Proceeding, A.11-05-017 et al. was adopted on August 14, 2014 (Phase II D.14-08-030).

the ESA Program, it should have joined in the PTM or submitted a separate filing to continue its CARE Program unabated.

2.1. Extension of Deadline to File 2015-2017 Applications

On August 20, 2014, the Commission issued the final decision in A.11-05-007 et al., D.14-08-030, and ordered the large IOUs to file their 2015-2017 ESA and CARE Programs and Budgets Applications within 90 days from the issuance of that decision.³ It is customary for the SMJUs to file their applications after the large IOUs file their applications. The purpose of this sequential filing approach is to allow the SMJUs, where appropriate and feasible, to follow the general directions provided by the Commission and taken by the large IOUs in the ESA and CARE Programs, as reflected in the large IOUs' applications. This new deadline ordered in D.14-08-030 for the large IOUs to file their 2015-2017 applications makes it necessary to extend the deadline for the SMJUs' 2015-2017 applications. As such, the Joint Utilities' request in their PTM for an extension of time to file their 2015-2017 ESA and CARE Programs and Budgets Applications is reasonable and is granted. The SMJUs' 2015-2017 ESA and CARE Programs and Budgets Applications are now due on February 1, 2015.

³ Ordering Paragraph 2(a) requires "Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company shall file their 2015-2017 ESA and CARE Programs and Budgets applications within 90 days of issuance of this decision."

2.2. Bridge Funding

The new deadline for the large IOUs to file their 2015-2017 applications, pursuant to D.14-08-030 which are now due November 2014, makes it necessary to also approve a bridge period and bridge funding for the SMJUs beyond December 31, 2014. As such, the Joint Utilities' request for a bridge period and funding are reasonable and are granted. We find that month-to-month bridge funding beyond December 31, 2014 is necessary and in the public interest to ensure that no hiatus occurs after the authorized bridge funding for the SMJUs' ESA and CARE Programs expires on December 31, 2014, pursuant to D.14-05-004. These programs are expected to continue beyond December 31, 2014. Certainty of their continued funding is critical to the seamless administration of those programs during the transition from the 2012-2014 program cycle to the 2015-2017 program cycle.

The month-to-month bridge funding and the additional time beyond December 31, 2014, are necessary to provide a smooth and thoughtful transition of these programs. This bridge period will allow the SMJUs the time needed to prepare their 2015-2017 Applications, while following the directions the large IOUs take in their 2015-2017 applications. Likewise, this bridge period will allow the Commission the time needed to consider those applications. Furthermore, the continued bridge funding will ensure continuity for existing contractual agreements, minimize disruption to retained skilled workers, completion of existing projects, and uninterrupted delivery of benefits of the SMJUs' ESA and CARE Programs to businesses and residents of California. In the past, the Commission has adopted bridge funding for the ESA and CARE Programs to prevent service disruptions. Similarly, to achieve continuity and to ensure a

smooth transition to the 2015-2017 ESA and CARE Programs, we approve the bridge period and funding before December 31, 2014.

2.3. Bridge Funding Amount Authorization

Based on the past levels of program expenditures, for the bridge funding period starting on January 1, 2015, the average monthly budget based on each SMJU's authorized budgets for 2014 should suffice to continue the programs during the bridge period and therefore should be used for the existing programs at current 2014 bridge funding levels. The SMJUs therefore should continue to use the same formula for calculating the average monthly budget for 2014 and then apply that average monthly budget figure to the bridge funding period from January 1, 2015, to continue month-to-month, until such time as set by the Commission's final decision approving each of the SMJU's 2015-2017 ESA and CARE Program Applications.

2.4. Adopted Month-to-Month Bridge Funding Budgets

In Table 1 below, we authorize the monthly bridge funding budgets equal to the 2014 approved program budgets for the SMJUs, including West Coast Gas,⁴ to continue the ESA and CARE Programs without interruption, starting January 1, 2015, during the bridge funding period. The authorized monthly funding levels reflect the corresponding monthly average of budgets consistent and reasonable with each of the SMJU's authorized 2014 program budgets for the ESA and CARE Programs.

⁴ Although West Coast Gas did not join in the PTM, Table 1 includes budget for West Coast Gas's CARE Program.

Table 1
Monthly Bridge Funding Budget Beginning January 1, 2015
Monthly Budget Summary

Utility	ESA	CARE	Totals
Alpine	\$3,415	\$1,400	\$4,815
Bear Valley	\$19,135	\$22,758	\$41,894
PacifiCorp	\$78,125	\$246,485	\$324,610
Liberty Utilities	\$16,735	\$51,500	\$68,235
Southwest Gas	\$264,391	\$756,135	\$1,020,526
West Coast Gas	\$0	\$672	\$672

2.5. Bridge Period Activities

Due to timing as well as the limited purpose of this bridge funding decision, we made no changes to any programmatic issues and budget items. This simplification will create the least amount of disruption to the SMJUs' ESA and CARE Programs during the transition from the 2012-2014 cycle to the 2015-2017 cycle. Accordingly, during the bridge period authorized in this decision, the SMJUs are authorized only to continue their program activities that the Commission had previously authorized for program cycle 2012-2014.

2.6. Advice Letters

Each SMJU is directed to file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letters must show the allocation of the authorized monthly budgets for both the ESA and CARE Programs and the memorandum account showing the difference between the revenue requirement adopted in this decision, and that requested in the applications beginning January 1, 2015 as discussed in this decision. Consistent with Tier 1 procedures

under General Order 96-B, the Advice Letters shall be effective on the date filed, subject to Energy Division determining that they are in compliance with this directive.

3. Reduction of Comment Period

Pursuant to Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, comment period required by Section 311 of the Public Utilities Code is reduced to 15 days for opening comment and 5 days from that date for reply comment. No comments have been filed.

4. Assignment of Proceeding

Catherine J.K. Sandoval is the assigned Commissioner and Kimberly H. Kim is the assigned ALJ.

Findings of Fact

1. The joint PTM was filed by the SMJUs' excluding West Coast Gas on August 19, 2014.
2. A month-to-month bridge funding for the SMJUs at their 2014 ESA and CARE Programs' authorized funding levels will enable the SMJUs to continue their ESA and CARE Programs and develop rates effective January 1, 2015.
3. On August 20, 2014, the Commission issued the final decision in A.11-05-007 et al., D.14-08-030 and ordered the large IOUs to file their 2015-2017 ESA and CARE Programs and Budgets Applications within 90 days from the issuance of that decision.
4. The new deadline for the large IOUs for their 2015-2017 ESA and CARE Programs and Budgets Applications makes it necessary to extend the deadline for the SMJUs' 2015-2017 ESA and CARE Programs and Budget Applications.
5. The bridge period and funding beyond December 31, 2014 is needed to ensure that no hiatus occurs when the current bridge funding and period

authorized for the SMJU's 2012-2014 ESA and CARE programs expire on December 31, 2014.

6. The Commission has adopted bridge funding for ESA and CARE Programs to prevent service disruptions and ensure a smooth transition for the new cycle.

7. Extending the bridge period and funding will afford the SMJUs' adequate time to complete their 2015-2017 ESA and CARE Programs and Budgets Application by February 1, 2015 following the directions taken by large IOUs and the Commission for the needed time to consider and make a final decision on each application.

8. During the bridge period authorized in this decision, the SMJUs are authorized only to continue their program activities that the Commission had previously authorized for the 2012-2014 program cycle.

Conclusions of Law

1. The Joint Utilities' request in their PTM for an extension of time to file their 2015-2017 ESA and CARE Programs and Budgets Applications is reasonable and should be granted.

2. D.14-05-004 should be modified to extend the SMJUs' deadline to file their respective 2015-2017 ESA and CARE Programs and Budgets Applications to February 1, 2015.

3. The Joint Utilities' requests for a bridge period and related funding beyond December 31, 2014 are reasonable and should be granted.

4. Approval of the bridge period and funding, on a month-to-month basis, is necessary and in the public interest.

5. Our approval of this bridge funding of the SMJUs' ESA and CARE

Programs is not equivalent to our approval of the 2015-2017 ESA and CARE Programs themselves, and should not be construed as a guarantee of continued funding in the SMJUs' 2015-2017 ESA and CARE Programs, or as a decision on the merits of any aspect of the ESA and CARE Programs for the 2015-2017 budget cycle.

6. For this bridge funding period starting on January 1, 2015, each SMJU should continue its existing ESA and CARE Programs at the current average monthly levels authorized in their 2014 budget.

7. It is reasonable to allow SMJUs to limit bridge period activity to only those activities previously authorized by the Commission for 2012-2014.

8. Application 11-06-016 et al. should be closed.

O R D E R

IT IS ORDERED that:

1. Decision 14-05-004 is modified to extend the deadline for Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, Liberty Utilities (CalPeco Electric) LLC and West Coast Gas Company (collectively Small and Multi-jurisdictional Utilities) to file the 2015-2017 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets Applications, and the Small and Multi-jurisdictional Utilities shall file the applications by February 1, 2015.

2. The request by Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, and Liberty Utilities (CalPeco Electric) LLC for a bridge period and related funding for the 2015-2017 Energy Savings

Assistance and California Alternate Rates for Energy Programs beyond December 31, 2014 is granted.

3. Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, Liberty Utilities (CalPeco Electric) LLC and West Coast Gas Company are authorized the following bridge funding as illustrated in the below Table 1, from January 1, 2015, on a month-to-month basis until the California Public Utilities Commission issues a final decision regarding the 2015-2017 Energy Savings Assistance (ESA) and California Alternative Rates for Energy (CARE) Programs and Budget Applications.

Table 1
Monthly Bridge Funding Budget Beginning January 1, 2015
Monthly Budget Summary

Utility	ESA	CARE	Totals
Alpine	\$3,415	\$1,400	\$4,815
Bear Valley	\$19,135	\$22,758	\$41,894
PacifiCorp	\$78,125	\$246,485	\$324,610
Liberty Utilities	\$16,735	\$51,500	\$68,235
Southwest Gas	\$264,391	\$756,135	\$1,020,526
West Coast Gas	\$0	\$672	\$672

4. For ratemaking purposes, Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, Liberty Utilities (CalPeco Electric) LLC, and West Coast Gas Company shall continue to use their 2014 California

Alternative Rates for Energy and Energy Savings Assistance Programs' authorized funding levels in order to develop rates effective January 1, 2015.

5. The bridge funding period begins January 1, 2015, regardless of whether the Advice letters have been determined to be in compliance.

6. The bridge funding period ends simultaneously upon issuance of a final decision regarding the 2015-2017 Energy Savings Assistance and California Alternative Rates for Energy Programs and Budgets Applications.

7. During the bridge funding period, starting January 1, 2015, and ending simultaneously upon issuance of a final decision in the Small Multi-jurisdictional Utilities' 2015-2017 Energy Savings Assistance and California Alternative Rates for Energy Applications, Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, Liberty Utilities (CalPeco Electric) LLC and West Coast Gas Company may conduct only those activities previously authorized by the Commission for their respective 2012-2014 budget cycle.

8. Alpine Natural Gas Operating Company No. 1 LLC, PacifiCorp, Bear Valley Electric Service, a division of Golden State Water Company, Southwest Gas Corporation, Liberty Utilities (CalPeco Electric) LLC and West Coast Gas Company shall file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letters must show the allocation of the authorized monthly budgets for both the ESA and CARE Programs and the memorandum account showing the difference between the revenue requirement adopted in this decision, and that requested in the applications beginning January 1, 2015 as discussed in this decision.

9. Application (A.) 11-06-016, A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 are closed.

This order is effective today.

Dated _____, at Bakersfield, California.